UNITED STATES OF AMERICA

5701 et seq., required both the FCC and the FTC to prescribe regulations governing pay-per-call services. The FTC adopted its "900-Number Rule," 16 C.F.R. Part 308, on July 26, 1993, and it became effective November 1, 1993.

The Rule requires that advertisements for 900 numbers contain certain disclosures, including information about the cost of the call. This information must also be included in an introductory message (preamble) at the beginning of any 900-number program where the cost of the call could exceed two dollars. Anyone who calls a 900-number service must be given the opportunity to hang up, at the conclusion of the preamble, without incurring any charge for the call. In addition, the Rule requires that all preambles to 900-number services state that individuals under the age of 18 must have the permission of a parent or guardian to complete the call.

The 900-Number Rule also establishes procedures for resolving billing disputes for 900-number calls (16 C.F.R. 308.7). The Rule imposes certain obligations on entities that bill and collect for 900-number services, such as investigating reports by consumers of "billing errors," a defined term in the Rule. Under TDDRA, a consumer's telephone service cannot be disconnected for failure to pay charges for a 900-number call, and 900-number blocking must be made available to consumers who do not wish to have access to 900-number service from their telephone lines.

promotions or inducements sent to a consumer. A related proposed change is to extend regulatory protection to the subscriber of the line from which a call originates instead of merely to the caller who utilizes that line to dial a toll-free number.

Pay-per-call scam artists abuse these "presubscription agreements" by using seemingly "toll-free" numbers to lure consumers into placing expensive calls. These unscrupulous information providers create sham "presubscription agreements" that do not include an effective means to prevent unauthorized access to the service. These information providers may go through the motions with a caller to create a personal identification number ("PIN") or other such

With regard to disguised pay-per-call transactions identified by the FCC, consumers may be misled about the cost of a call and may therefore incur unanticipated costs for calls that contain an undisclosed payment to an information service provider. It is misleading to claim that the consumer is paying only "normal" long distance charges for such a call, where the cost of that call includes an undisclosed payment to an information provider. Moreover, the Commission believes that consumers should not only know when their call includes a "purchase" of information and

the power to choose among many different pay-per-call services and among many different long distance carriers. Accurate disclosure of the costs of these varying services allows consumers to make educated choices. The Commission supports the FCC's goal of eliminating pay-per-call transactions hidden within seemingly conventional long distance calls.

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The Commission would welcome the opportunity to have its staff meet with appropriate FCC staff to discuss the issues raised in this comment.

1. Pub. L. 104-104, Sec. 701, 110 Stat. 56 (1996) (codified at 47 U.S.C. 228).

2. Bureau of Consumer Protection, Federal Trade Commission, Anticipating the 21st Century: Consumer Protection Policy in the New High-Tech, Global Marketplace, Vol. II at 13 (1996) (copy attached).

3. Id.

4. Id. at 12.

5. Id.

6. See, e.g., FTC v. Transworld Courier Services, Inc., C.S. No. 1:90- CV-1635-JOF (N.D. Ga. 1991); FTC v. Starlink, Inc., 1992-1 Trade Cases 69,715 (E.D. Pa. 1992); FTC v. First53 0.CS0 cs 0 41o (J)-3(O)9D .004 Tc -0.00ielin/CS1 cs 0 0.002 Tc 7.9l.

supports the FCC's goal of reducing the abuses of "instant credit" presubscription agreements, at this time the Commission has made no determination as to whether the benefits of this specific proposal outweigh its potential costs.

14. The FCC proposal would exempt services for the deaf from this restriction on the use of ANI billing. Order and Notice at 45.

15. As a general matter, there are a number of reasons why an information provider might wish to use a combination of a presubscription agreement and ANI billing as opposed to simple use of a 900 numbe.88 247ue>F3(f)2(or e13(x)a13(m)-3(pl)--3(,)2(